

**Forest Management Subgroup —
Framework emerging from 8/8/08 meeting**

How can forest management and harvested wood products participate in the offset or other credit program?

(Harvested wood products not yet considered by the subgroup—discussion to be scheduled in early September.)

For **forest management** activities, two overarching options are being considered:

I. OFFSET Program

- A. Design features (cf. VCS and RGGI criteria for forest management projects)
1. Additionality/Baseline
 - a. Recommendation: BAU approach (combination of Oregon's rows 1-3, 6)
 - b. For future consideration: Mean inventory Approach
 - i. requires data not currently available
 2. Permanence & Leakage (for future discussion)
 3. Scale; time; which C pool is being targeted?

II. VOLUNTARY OPT-IN to CAP

- The State sets aside a portion of its allowances under the Cap & Trade program for forestry.
 - The State gives allowances to forest landowners who voluntarily come forward and enter into binding agreements to maintain or increase carbon stocks on their land (i.e., through active forest management activities). Landowners could hold the allowances or sell them on the offset market. The value of the allowances is the incentive for the landowner to enter into this agreement.
 - If the carbon stock on the landowner's land goes below the agreed baseline, the landowner would have to return the allowances to the State, or purchase allowances on the market, and give them to the State.
- A. Design features
1. Additionality/Baseline (for discussion by Subgroup on August 20)
 2. Measurement/verification (project level & sector level) (for discussion by Subgroup on August 20)
 3. Permanence & leakage (for future discussion by Subgroup)

Potential additional recommendation:

1. System of overall monitoring to determine effectiveness of programs.

Questions and “What ifs”

1. What if the rules change after a agreement (e.g., for 100 years) is made? For example, what if a new endangered species is listed that affects the landowner’s land? (Grandfathered?)
2. What if a landowner voluntarily maintains buffers around streams above and beyond the Forest Practices Act rule requirements? (note leakage issue)
3. How do small landowners participate? (aggregators?)

Discussion of Mean Inventory approach to baseline

Consider the need for sufficient data to stratify the data by:

1. Site class
2. Age of stand
3. Forest type/ecosystem type
4. Ownership: private—state—federal
5. Elevation